

# **Transformation of DoD's Value Engineering Program**

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20 November 2002

# What is Value Engineering?

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- “An analysis of the functions of a program, project, system, product, item of equipment, building, facility, service or supply
- Of an executive agency
- Performed by qualified agency or contractor personnel
- Directed at improving performance, reliability, quality, safety, and life cycle costs.”

Reference: Title 41, U.S. Code, Section 432

# Potential Effectiveness of VE

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- VE is a proven method for identifying and implementing system improvements
- When widely used, program has made significant accomplishments
  - AMRAAM considered a major success story
- VE is required by law (41 USC 432)
  - But much DoD guidance is somewhat out of date

# Decline of Value Engineering

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- Use of VE has declined within DoD in recent years
  - Particularly contractor-initiated (VECP) segment of the program
  - In-house program has remained stronger in spots (Navy, Army, DLA)
- Perception: 1) too bureaucratic, 2) lack of investment funding, and 3) lack of Systems Engineers

# Revitalizing Value Engineering

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- OSD-sponsored series of meetings involving Services, industry, and non-profits
  - Potential uses of VE
  - Barriers to its use
  - Options for increasing use of VE
- Development of VE fund legislative proposal
- Re-evaluation of VE procedures, training, etc.
- Regulatory relief
- Development of VE module on R-TOC web page and incorporation of VE within R-TOC activities

# Legislative Initiative

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- Still being worked by the Administration
- USD(AT&L) supports overall effort
- Status: Submitted to OMB – awaiting Administration approval
- Will get it out to everyone for review as soon as OMB approves for release

# Workshop Objective

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- Obtain input from government and industry acquisition professionals on
  - General objectives of the VE program
  - Specific program recommendations
- Obtain overview presentations from the Services and DLA
  - Current implementation and coordination
  - Plans and budgets
- Identify barriers and recommendations for improving VE process